



October 18, 2005

NEWS RELEASE

For Immediate Release

Contact: Toni S. Harris 615/741-4979

Reporters on deadline: home - 646-7161

Governor Announces New Housing Program

NASHVILLE – Governor Phil Bredesen announced a new housing initiative at the 2005 Governor's Housing Summit. The Community Investment Tax Credit is a program created by a bill introduced by the 104 General Assembly (SB 2310) to amend TCA, Section 67-4-2109 and will be administered by the Tennessee Housing Development Agency (THDA) in cooperation with The Tennessee Department of Revenue. This amendment allows any financial institution a credit against both its franchise and excise tax obligations when investing in at least one of the following eligible low-income housing activities:

Eligible Activities

1. Activities that create or preserve affordable housing for low income Tennesseans;
2. Activities that assist low-income Tennesseans in obtaining safe and affordable housing;
3. Activities that build the capacity of an eligible non-profit organization to provide housing opportunities for low-income Tennesseans; and
4. Any other low-income housing related activity approved by the THDA Executive Director and the Commissioner of Revenue.

Participating financial institutions will receive credits for extending:

1. Qualified loans at 2% below prime
2. Qualified low-rate loans at 4% below prime
3. Investments longer than 5 years
4. Grants or contributions

Identified Eligible Housing Organizations

1. THDA
2. Public Housing Authorities
3. Development Districts
4. Tennessee based non-profit organizations with an Internal Revenue Code 501(C)(3)

**Tennessee Housing Development Agency
404 James Robertson Parkway, Suite 1114
Nashville, TN 37243-0900**

THDA will be certifying the financial institution's contribution as being eligible for the tax credit by confirming that the receiving organization along with the housing-related activities being funded are in compliance with those identified in legislation.

"Affordable housing is essential to the future economic growth and stability of our cities, our counties and our state," Bredeesen said. "I am committed to doing everything possible to encourage its development."

"Governor Bredeesen has always provided programs for the creation of affordable housing. The Franchise Tax Credit program that his administration created is an excellent funding program to aid in meeting the housing needs of Tennessee's workforce and lowest income citizens," said THDA's Board Chairman, Eddie Latimer.

Janice Myrick, Executive Director of THDA, stated that she is excited about the new tax credit initiative that has been designed in partnership with the Department of Revenue to help create affordable housing opportunities for more people across the state.

THDA's mission is to be the lead state agency promoting sound and affordable housing for people who need help. THDA provides affordable mortgage programs, administers low-income housing tax credits, multifamily bond authority and federally funded grants.

THDA administers in excess of \$450 million in funding each year for single and multi-family housing programs across the state of Tennessee. THDA has 202 employees and annual operating revenues of \$140 million.

For more information regarding THDA and its programs contact our Nashville office at 1-800-228-8432 (for a person who is hearing impaired 615-532-2894). Information about the agency can also be found on our website at www.state.tn.us/thda.